

280 Corporate Center  
85 Livingston Avenue, Roseland, New Jersey 07068-1785  
(201) 994-6666 / (212) 490-7700 / FAX (201) 994-0337



April 7, 1995

Re: Genesis Capital Fund, L.P.  
42-1339803  
December 31, 1994

Dear Partner:

Attached is a copy of Schedule K-1, Form 1065 which lists your distributive share of the Partnership's taxable income (loss) for the year ended December 31, 1994. These amounts are to be reported on your 1994 Income Tax Returns.

In connection with the information included on the attached copy of Federal Schedule K-1, please note the following:

In preparing the partnership return, the partnership has taken the position that the partnership is engaged in the active conduct of a business as a trader in securities. The trading operation is not "passive" as to any general or limited partner. In addition, income from the trading operation, including capital gains, is not "portfolio" income. Each partner must individually determine whether or not the partner materially participated during 1994 in the activities of the partnership. Your material participation will affect the presentation and placement of partnership items on your tax return. Therefore, the K-1 and accompanying schedules have been prepared in such a manner that they may be used both by materially participating and non-materially participating partners. In preparing your tax return, some additional calculations are necessary using the amounts presented in order to properly report the partnership items. Specifically, whether or not a partner materially participates in the trader operation will affect the calculation of investment interest expense and investment income.

The net ordinary income (loss) of the trading operation has been reported without taking into account any deduction for interest expense attributable to the trading operation. A partner who materially participates in the trading operation, or a partner that is a "C" corporation, must reduce the net ordinary income or increase the net ordinary loss from the trading operation by the interest expense, which is separately reported on the K-1. A partner that does not materially participate (other than a "C" corporation) must report the net ordinary income as shown on the K-1 and must deduct the allocable interest expense as interest expense subject to the investment interest expense limitation.

Exhibit "A"

Genesis Capital Fund, L.P.

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April 7, 1995

The K-1 also includes income and expenses from the partnership's investments in other partnerships (pass-through entities). The partnership has reported income and deductions in the same manner as those items were reported to the partnership from the pass-through entities.

Your share of portfolio expenses are reflected on Line 10. Such amount should be deducted by individual partners on Schedule A of Form 1040 on line 22 - Miscellaneous Deductions Subject to 2% Adjusted Gross Income Limitation. Non-individual partners should refer to the instructions accompanying their tax returns.

Line 12a shows your share of the Partnership's investment interest expense. Each individual partner should deduct such interest expense on Schedule A of Form 1040 after determining the limitation, if any, on Form 4952. For determining any limitation, lines 12b(1) and 12b(2) show your share of investment income and investment expenses, which are included in your "portfolio" income and expenses. For purposes of this calculation, capital gains (losses) and investment income from Lines 1 and 7 are not included in line 12(b)(1), but generally affect the computation of investment income.

The qualifying dividends represent the amount of dividends from less than 20 percent owned domestic corporations eligible for the dividends received deduction under IRC Section 243(a). These dividends should be reported on Form 1120, Schedule C, Line 1, Col. (a).

The non-qualifying dividends represent the amount of dividends not eligible for the dividends received deduction and should be reported on Form 1120, Schedule C, Line 17, Col. (a).

If you are a tax-exempt entity and you have gross income from an unrelated trade or business of \$1,000 or more, you must file Form 990-T. The law is not entirely clear as to the proper way to determine income (loss) that is attributable to the use of leverage ("debt-financed income"). We have computed UBTI based on our interpretation of the law. However, you may want to make your own computation of UBTI Income (Loss). Upon request, the partnership will make available the information necessary for you to compute debt-financed income in the manner you regard as most appropriate. Our computation of UBTI has been reflected on Line #23 of Schedule K-1.

If you are required to file a state income tax return, your share of interest income from obligations issued by the U.S. Government or its agencies and your share of expenses to carry such obligations are on line #23, of Schedule K-1.

Genesis Capital Fund, L.P.

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April 7, 1995

Please provide the above information to your tax advisor.

If you have any questions, please feel free to contact Howard Altman or Terence Meadowcroft at (212) 490-7700 or (201) 994-6666.

Very truly yours,

ROTHSTEIN, KASS & COMPANY, P.C.

29390

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*Rothstein, Kass & Company, P.C.*

1994 Schedule K-1 (Form 1065)

For calendar year 1994 or tax year beginning \_\_\_\_\_, 1994,  
and ending \_\_\_\_\_, 1995

197-38-2295

Dr. William and Mrs. Patricia Steinbrink  
122 Columbia Circle  
Erie, PA 16505

42-1339803

Genesis Capital Fund, L.P.  
Rural Route 4, Box 504  
Fairfield, IA 52556

Line ItemsINSTRUCTIONS TO PARTNER'S SCHEDULE K-1 FOR 1040 FILERS

- 1 - See Partner's Instructions for Schedule K-1 (Form 1065).
- 4a - Enter the amount of interest income on Form 1040, Schedule B, Part I, Line 1.
- 4b - Enter the amount of dividend income on Form 1040, Schedule B, Part II, Line 5.
- 4d - Enter the amount of net short-term capital gain (loss) on Form 1040, Schedule D, Line 5, Column (f) or (g).
- 4e - Enter the amount of net long-term capital gain (loss) on Form 1040, Schedule D, Line 13, Column (f) or (g).
- 4f - Enter on applicable line of your return.
- 5 - See Partner's Instructions for Schedule K-1 (Form 1065).
- 6 - See Partner's Instructions for Schedule K-1 (Form 1065).
- 7 - Enter on applicable line of your return.
- 10 - See Partner's Instructions for Schedule K-1 (Form 1065).
- 11 - See Partner's Instructions for Schedule K-1 (Form 1065).
- 12a - Enter the amount of interest expense on investment debts on Form 4952, Line 1.
- 12(b)(1) - See Partner's Instructions for Schedule K-1 (Form 1065).
- 12(b)(2) - See Partner's Instructions for Schedule K-1 (Form 1065).
- 15a - See Partner's Instructions for Schedule K-1 (Form 1065).
- 17a - Enter the type of income on Form 1116, check boxes.
- 17b - Enter the name of foreign country or U.S. possession on Form 1116, Part I.
- 17c - Enter the gross income from sources outside the U.S. on Form 1116, Part I.
- 17d - Enter the applicable deductions and losses on Form 1116, Part I.
- 17e - Enter the total foreign taxes on Form 1116, Part II.
- 19 - Enter the tax-exempt interest income on Form 1040, Line 8b.
- 20 - See Partner's Instructions for Schedule K-1 (Form 1065).
- 21 - See Partner's Instructions for Schedule K-1 (Form 1065).

## 1994 Schedule K-1 (Form 1065)

For calendar year 1994 or tax year beginning \_\_\_\_\_, 1994,  
and ending \_\_\_\_\_, 1995

197-38-2295

Dr. William and Mrs. Patricia Steinbrink  
122 Columbia Circle  
Erie, PA 16505

42-1339803

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Rural Route 4, Box 504  
Fairfield, IA 52556

The references below are to specific line items on Schedule K-1 that contain relevant information. Line items appearing on Schedule K-1 and omitted from this form are not applicable. Lines below that do not contain information are also not applicable. Instructions for each line item are attached and referenced to each line item.

## Item:

A - Is this partner a general partner? .....	NO
B - What type of entity is this partner? .....	INDIVIDUAL
C - Is this partner a domestic or a foreign partner? .....	DOMESTIC
	(i) Before (ii) End
	Change or of
	Termination Year
D - Enter partner's percentage of:	
Profit Sharing .....	VAR
Loss Sharing .....	VAR
Ownership of capital .....	4.6470%
E - IRS center where partnership filed return: .....	KANSAS CITY
F - Partner's share of liabilities (see instructions):	
Nonrecourse .....	\$
Qualified nonrecourse financing .....	\$
Other .....	\$
G - Tax Shelter registration number .....	
H - Check here if this partnership is a publicly traded partnership as defined in Section 469(k)(2) .....	
I - Check applicable boxes: ..... (1) Final K-1 (2) Amended K-1	
J - Analysis of partner's capital account:	
(a) Capital account at beginning of year .....	\$ 5,928,229
(b) Capital contributed during year .....	0
(c) Partner's share of lines 3, 4 and 7, Form 1065, Schedule M-2 .....	(197,961)
(d) Withdrawals and distributions .....	( 0 )
(e) Capital account at end of year (combine columns (a) through (d)) .....	\$ 5,730,268

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and ending \_\_\_\_\_, 1995

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(a) Distributive share item:

Line 1 -	Ordinary income (loss) from trade or business activities	1.	116,750
Line 4 -	Portfolio income (loss):		
a	Interest	4a.	580
b	Dividends	4b.	31
d	Net short-term capital gain (loss)	4d.	(42,578)
e	Net long-term capital gain (loss)	4e.	2,731
f	Other portfolio income (loss) (attach schedule)	4f.	
Line 5 -	Guaranteed payments to partner	5.	
Line 6 -	Net gain (loss) under section 1231 (other than due to casualty or theft)	6.	(2,683)
Line 7 -	Other income (loss) (attach schedule)	7.	505,879
Line 10 -	Deductions related to portfolio income (attach schedule)	10.	370
Line 11 -	Other deductions (attach schedule)	11.	
Line 12a -	Interest expense on investment debts	12a.	243,771
Line 12b	(1) - Investment income included on lines 4a, 4b, and 4f above	12(b)(1).	611
	(2) - Investment expenses included on line 10 above	12(b)(2).	370
Line 15a -	Net earnings (loss) from self-employment	15a.	
Line 17a -	Type of income	17a.	See Schedule
b	Name of foreign country or U.S. possession	17b.	See Schedule
c	Total gross income from sources outside the U.S. (attach schedule)	17c.	276,197
d	Total applicable deductions and losses (attach schedule)	17d.	176,479
e	Total foreign taxes (check one): <input checked="" type="checkbox"/> paid <input type="checkbox"/> accrued	17e.	5,768
Line 19 -	Tax-exempt interest income	19.	
Line 20 -	Other tax-exempt income	20.	
Line 21 -	Nondeductible expenses	21.	

1994 Schedule K-1 (Form 1065)

For calendar year 1994 or tax year beginning \_\_\_\_\_, 1994,  
and ending \_\_\_\_\_, 1995

197-38-2295  
Dr. William and Mrs. Patricia Steinbrink  
122 Columbia Circle  
Erie, PA 16505

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Genesis Capital Fund, L.P.  
Rural Route 4, Box 504  
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Line 23 - Supplemental information required to be reported separately to each partner:**\*\* Gain or Loss on Liquidation of Partnership Interest:**

You may have a gain or loss on your withdrawal from the partnership if this is a final K-1 to you. Please consult your tax advisor.

**\*\* Item J, Column (c):**

Unrealized appreciation/(depreciation)	\$	(352,106)
Timing differences		(176,656)
Tax-exempt interest & other tax-exempt income		0
Nondeductible expenses		0
Taxable income (loss)		<u>330,801</u>
Total	\$	<u><u>(197,961)</u></u>

**\*\* Line 1 - Ordinary income (loss) from trade or business activities:**

Interest income	\$	446,357
Dividend income		21,724
Other ordinary income		1,980
Section 988 - Foreign Currency Transaction gain (loss)		(206,164)
Other ordinary expenses		<u>(147,147)</u>
Net ordinary income (loss)	\$	<u><u>116,750</u></u>

**\*\* Line 7 - Other Income (loss):**

Section 1256 net gain (loss)	\$	61,917
Net short-term capital gain (loss)		351,788
Net long-term capital gain (loss)		<u>92,174</u>
Total	\$	<u><u>505,879</u></u>

**\*\* Line 10 - Deductions related to Portfolio income:**

Administrative expenses	\$	<u><u>370</u></u>
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**\*\* Dividends Qualifying for 70% Dividend Received Deduction:** 51.82%

**\*\* Section 1256 memo information:**

Section 1256 gain or loss should be included on Form 6781.

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Line 23 - Supplemental information required to be reported separately to each partner  
(Continued:)

**\*\* Unrelated Business Taxable Income:**

If you are a tax-exempt entity, your share of Unrelated Business Taxable  
Income (Loss) is reported below:

Ordinary Income (Loss):	\$	(26,439)
Short-Term Capital Gain (Loss):	\$	(26,710)
Long-Term Capital Gain (Loss):	\$	(835)

**\*\* Foreign Taxes:**

Described below are foreign countries from which such income was earned  
and to which the taxes were paid. Multiply your share of income,  
deductions and taxes paid by the percentage below to determine amounts  
allocable to each country for reporting on your Federal Income Tax Return.

Country	Gross Income- Line 17c %	Applicable Deductions and losses Line 17d %	Foreign taxes paid Line 17e %
Canada	15.80	17.25	10.42
Various	84.20	82.75	89.58
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**\*\* State information:**

Your share of gross interest income on U.S.

Obligations:	\$	19,014
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Your share of cost to carry is as follows:

Interest expense:	\$	12,885
Other expenses:	\$	683



To: Mr. Clarence Kearney

From: William H. Steinbrink and Patricia Steinbrink

Re: Genesis Capital Fund, L.P.

Year: 1995

Memo:

Clarence,

Please find the estimates on 1995 earnings from Genesis through Nov. 30, 1995 for:

1. Profit Sharing Plan
2. Personal account, Dr. William and Mrs. Patricia Steinbrink

Please also note the description as to how to compute the ordinary income. I will assume you will get back to me when you have a chance to review this material.

You should receive this page and two others.

Thanks,

Bill

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**Rothstein, Kass & Company, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS